

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 EA-07 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 IO-13 L-03 H-01 DODE-00 NSCE-00
SSO-00 USIE-00 INRE-00 /104 W
-----222356Z 084839 /73

O 222308Z APR 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 3222

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 03007

E.O. 11652: GDS

TAGS: EFIN, PO, CA

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: STATE 889660#

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1. SUMMARY: BECAUSE EXTAFF MINISTER JAMIESON WAS NOT
AVAILABLE FOR APPOINTMENT YESTERDAY OR TODAY, DCM AND
ECON COUNSELOR MADE REPRESENTATIONS ON FINANCIAL ASSISTANCE
FOR PORTUGAL TO EXTAFF ASSISTANT UNDER SECRETARY TOWE
MORNING OF APRIL 22. I WILL SPEAK TO JAMIESON AS SOON
AS POSSIBLE TO REINFORCE THESE REPRESENTATIONS. TOWE
INDICATED THAT GOC IS SYMPATHETIC TO NEED BUT HAS PROBLEM

OF FINDING SUITABLE MECHANISM FOR PROVIDING CANADIAN HELP. HE EXPECTS GOC WILL WISH TO PARTICIPATE IN MID-MAY MEETING IN PARIS ALTHOUGH HE DOUBTS IT WILL BE ABLE TO PLEDGE AT THAT TIME. INDICATION THAT GERMANS AND JAPANESE ARE PREPARED TO SUPPORT MULTILATERAL LENDING INITIATIVE WOULD BE HELPFUL TO GOC CONSIDERATION. TOWE ASSURED US THAT HE WOULD IMMEDIATELY INFORM JAMIESON AND FINMIN MACDONALD OF OUR REPRESENTATIONS. END SUMMARY.

2. DCM AND ECON COUNSELOR HAD FULL DISCUSSION OF POINTS CONTAINED REFTEL WITH P.M. TOWE, ASSISTANT UNDER SECRETARY, EXTERNAL AFFAIRS, ON APRIL 22, URGING EARLY CANADIAN EXPRESSION OF SUPPORT FOR MULTILATERAL PACKAGE OF BALANCE OF PAYMENTS ASSISTANCE AND AGREEMENT TO PARTICIPATE IN MID-MAY MEETING OF PARTICIPANTS IN PARIS. DCM GAVE TOWE TALKING PAPER BASED ON REFTEL. HE EMPHASIZED THAT EVIDENCE OF THIRD-COUNTRY SUPPORT WOULD BE CRITICAL TO CONGRESSIONAL APPROVAL OF U.S. CONTRIBUTION.

3. TOWE SAID PORTUGUESE AMBASSADOR HAD APPROACHED EXTAFF MINISTER JAMIESON SOME TIME AGO; AS A RESULT OF THIS AND OF INFORMAL CONVERSATIONS HE (TOWE) HAD HAD WITH USG OFFICIALS IN WASHINGTON, GOC WAS GENERALLY FAMILIAR WITH PROBLEM AND APPROACH CONTEMPLATED BY U.S. HE SAID GOC IS POLITICALLY SYMPATHETIC AND TO SOME EXTENT POLITICALLY COMMITTED TO HELP. QUESTION IS HOW. THERE WOULD BE LEGAL AND POLICY IMPEDIMENTS TO USE OF CANADIAN INTERNATIONAL DEVELOPMENT AGENCY FUNDS; OPENING OF EXPORT CONFIDENTIAL

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DEVELOPMENT CORPORATION LINE OF CREDIT TIED TO CANADIAN EXPORTS WOULD NOT MEET IMMEDIATE REQUIREMENTS FOR BALANCE OF PAYMENTS ASSISTANCE ALTHOUGH IT WOULD PROVIDE SOME GENERAL UNDERPINNING TO PORTUGUESE BALANCE OF PAYMENTS; BANK OF CANADA SWAP ARRANGEMENTS ARE PROBABLY TOO SHORT TERM FOR THE PURPOSE; AND SPECIAL BUDGETARY APPROPRIATION WOULD BE DIFFICULT GIVEN GOC'S OWN TIGHT BUDGETARY SITUATION. TOWE SAID HE WAS NOT OPTIMISTIC ABOUT FINDING KIND OF FINANCING SOUGHT FOR MULTILATERAL PACKAGE BUT USG REPRESENTATIONS, WHICH HAD BEEN EXPECTED, WOULD CAUSE GOC TO FOCUS ON ISSUE WITH SOME URGENCY. HE COULD NOT GIVE DEFINITE COMMITMENT BUT HE HAD EVERY EXPECTATION THAT GOC WOULD WISH TO PARTICIPATE IN MID-MAY MEETING OF PARTICIPANTS, ALTHOUGH HE DOUBTED THAT GOC WOULD BE IN POSITION BY THEN TO MAKE ANY PLEDGE.

4. DURING CONVERSATION TOWE ASKED WHAT USG EXPECTED FOR CANADIAN CONTRIBUTION TO PACKAGE; DCM TOLD HIM DOLS 15 MILLION OF TOTAL OF DOLS 700 MILLION PLUS. TOWE WAS

AWARE OF FACT THAT GERMANS ARE EXPECTED TO BE NEXT
LARGEST CONTRIBUTOR AFTER U.S. AND THAT GERMANS HAD BEEN
BALKING. HE OPINED THAT MULTILATERAL LENDING PROPOSAL
"WOULD NOT FLY" UNLESS GERMANS, JAPANESE (WHOM HE UNDER-
STOOD WERE ALSO COOL) AND FRENCH WENT ALONG. HE SAID IT
WOULD BE HELPFUL IN PROMOTING POSITIVE REACTION WITHIN
GOC IF WE COULD PROVIDE INDICATIONS THAT OTHERS,
ESPECIALLY GERMANS ARE ON BOARD.

5. ECON COUNSELOR SUBSEQUENTLY DISCUSSED ISSUE WITH
ASSOCIATE DEPUTY MINISTER OF FINANCE WILLIAM HOOD, WHO
WILL ACCOMPANY FINANCE MINISTER MACDONALD TO WASHINGTON
FOR DEVELOPMENT COMMITTEE AND INTERIM COMMITTEE MEETINGS
DURING WEEK OF APRIL 25. HOOD TOOK NOTE OF OUR VIEWS.

NOTE BY OC/T: # AS RECEIVED.
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C O N F I D E N T I A L SECTION 02 OF 02 OTTAWA 03007

HE WAS NON-COMMITTAL BUT, LIKE TOWE, EXPRESSED CONCERN ABOUT HOW GOC COULD FINANCE CONTRIBUTION. HE COMMENTED THAT A SPECIAL BUDGETARY APPROPRIATION WOULD BE "CLEANEST" WAY TO PROCEED BUT IMPLIED THIS WOULD REQUIRE GOC TO MAKE DIFFICULT BUDGETARY DECISION.

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6. DCM PROVIDED PORTUGUESE AMBASSADOR WITH SUBSTANCE OF DISCUSSIONS WITH CANADIAN OFFICIALS. AMBASSADOR WAS AWARE ONLY OF EARLIER PROPOSAL (THREE-YEAR TERM, PACKAGE OF DOLS 1.5 BILLION, ETC.) SO WE GAVE HIM FULL DETAILS OF PACKAGE AS CURRENTLY DESIGNED. ENDERS

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, DIPLOMATIC REPRESENTATIONS
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Copy: SINGLE
Sent Date: 22-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Expiration:
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TAGS: EFIN, EAID, PO, CA, US, (TOWE), (JAMIESON, DONALD)
To: STATE
Type: TE
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